



July 8, 2004

VIA FACSIMILE

Ms. Jennifer J. Johnson
Secretary, Board of Governors
Federal Reserve System
20th and Constitution Avenue NW
Washington, DC 20551
202/452-3819 (Fax)

RE: Docket No. R-1193-Risk Based Capital Standards and Trust Preferred Securities

Dear Ms. Johnson:

The Wisconsin Bankers Association (WBA) is the largest financial institution trade association in Wisconsin, representing 320 state and nationally chartered banks, savings and loan associations, and savings banks located in communities throughout the state.

The WBA appreciates the opportunity to comment on the proposed rule issued by the Board of Governors of the Federal Reserve System (FRB) regarding Risk Based Capital Standards: Trust Preferred Securities and the Definition of Capital.

The proposed rule responds to a decision made by the Financial Accounting Standards Board (FASB) to require bank holding companies (BHCs) to deconsolidate their Trust Preferred Securities (TPS) holdings. This decision would place these BHCs at risk of losing the current capital advantages derived from TPS.

The WBA is generally pleased with the proposal and appreciates the effort made by the FRB to craft a rule that, in large part, retains the current status quo for TPS. The proposal clearly demonstrates that the FRB agrees with banking organizations of various types and sizes, that TPS are an extremely valuable capital tool for the industry.

Under the proposal, the aggregate amount of TPS and certain other capital elements would be limited to 25% of tier 1 capital elements, net of goodwill. The amount of TPS and certain other elements in excess of the limit could be included in tier 2 capital, subject to certain restrictions. In addition, internationally-active BHCs would generally be limited to TPS and certain other capital elements to 15 percent of tier 1 capital elements, net of goodwill. Furthermore, the proposal provides for a three year transition period for those operations that will be effected by the changes.

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While WBA recognizes the proposal creates some additional limitations on TPS, we nonetheless support it, and urge the FRB to adopt it without significant change.

Once again, the WBA appreciates the opportunity to comment on this important matter.

Sincerely,

A handwritten signature in black ink, appearing to read "K. Bauer", with a large, stylized initial "K" and a long, horizontal flourish extending to the right.

Kurt R. Bauer
Executive Vice President/CEO